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Big Pharma's drug cartel: Pharmaceutical companies allegedly fixed drug prices

Investigations are underway into an alleged price-fixing scheme with tentacles that touch nearly every state in the nation



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The biggest illegal drug cartel in the U.S. may have been operating from the executive offices of some of America's mightiest pharmaceutical companies.

Investigations are underway into an alleged price-fixing scheme with tentacles that touch nearly every state in the nation.

More than a dozen generic-drug companies allegedly conspired to rig the prices of some 300 kinds of drugs for everything from allergies and arthritis to infection and high blood pressure.

If true, it would be a violation of federal antitrust laws and an unconscionable victimization of prescription medication consumers.

The allegations are that generic-drug manufacturers worked together to fix prices at levels hundreds, even thousands, of times higher than what they would have been, evidenced by dramatic price increases levied at the same time by multiple supposed competitors. Market share isn't as important if your profit margin is astronomical.



The players in the alleged price-fixing scheme used code names like “sandbox” (as in children playing nice in a sandbox, referencing the market for generic prescription drugs) and “fair share” (the divvying up sales so everybody got a piece of the ill-gotten pie). “Trashing the market” was code for a player who wasn't following the rules of the rotten game — like selling drugs for less than the prices that had been set during the collusion.

Lawsuits have been filed in multiple states and plaintiffs have been given access by a federal judge to more a million emails, text messages, and documents that will be used at trial. Two former executives of Heritage Pharmaceuticals already have pleaded guilty to federal criminal charges and are giving evidence to the U.S. Justice Department.

The manufacturers have denied the allegations and say officials can't prove they weren't really competing against other. Among the companies accused are Sun, Teva and Mylan (which has executive offices in Washington County.)

At this point, there are allegations and nothing has been proven. Due process must proceed.

If wrongdoing is substantiated, a steep price must be paid, not just by the corporations involved but also by the corporate decision-makers. The masterminds behind this scheme, if proven, must be hauled from their homes in handcuffs to face criminal trial. Yes, the companies should pay fines. But it shouldn't end with a slap on the wrist that is suffered primarily by stockholders.

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